

Applying quality improvement standards in Medicare

ISSUE: How should Medicare apply quality improvement standards? Is it feasible to apply standards comparable to the Medicare+Choice (M+C) quality improvement standards to all plans and the fee-for-service program? How should quality improvement data be used? Are there other tools the Medicare program should use to stimulate quality improvement?

KEY POINTS: The Center for Medicare and Medicaid Services (CMS), private purchasers, and accreditors are increasingly focused on strategies to stimulate quality improvement activities. The Balanced Budget Act of 1997 (BBA) M+C quality improvement requirements represent a shift for Medicare from assuring a minimal level of quality for beneficiaries to requiring plans to work continually to improve quality. Recognizing that M+C plans vary in their capacity to measure and improve care, Congress exempted non-HMOs from the M+C provisions requiring plans to demonstrate improvement on two specific projects. Although CMS is working to improve quality in ways similar to the M+C program, comparable quality improvement standards are not applied in the fee-for-service Medicare program.

In considering the question of how to apply quality improvement standards to the M+C and FFS programs, the Commission considered the goals of quality improvement standards, their current application in both the private and public sectors, and evaluated the feasibility of applying them to different types of Medicare plans and providers. We found that (1) the feasibility of providers and plans complying with quality improvement standards varied widely (2) oversight and purchaser efforts were often duplicative, (3) rewarding provider or plan performance, direct assistance and research on effective quality improvement mechanisms may further stimulate quality improvement. The draft recommendations reflect these findings.

- Draft recommendation 1: See option B or C in outline and longer discussion in Attachment 1 to the outline. The recommendation includes the concepts of flexible application, rewarding performance and the appropriate level of standards.
- Draft recommendation 2: The Secretary should work to coordinate public and private oversight efforts when applying quality improvement standards and measures.
- Draft recommendation 3: The Secretary should fund and encourage additional ways to assist plans and providers to improve quality and research on effective mechanisms to improve quality.

ACTION:

The Commission should discuss the content of the draft report and recommendations and vote on final recommendations. The primary discussion should be on the content of Recommendation 1.

Please find attached:

1. An outline of the report, including a brief description of two options for Recommendation 1.
2. Detailed description of the implications of Recommendation Options 1B and 1C.
3. Revised draft report including comments from the November meeting.

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